

Message Text

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ORIGIN AF-18

INFO OCT-01 ADP-00 AID-20 CIAE-00 DODE-00 PM-07 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 EB-11 MC-02 OMB-01 AGR-20 COME-00 TRSE-00

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FM SECSTATE WASHDC

TO AMEMBASSY RABAT

C O N F I D E N T I A L STATE 126929

E. O. 11652: GDS

TAGS: PFOR, MO

SUBJECT: U. S.- MOROCCAN RELATIONS

REFS: RABAT 2692, 2151

1. DEPT. APPRECIATES AND COMMENDS CAREFUL WORK AND THOUGHT OF COUNTRY TEAM IN PREPARING REFTELS. FOLLOWING REPRESENTS OUR INITIAL REACTION TO CONCEPT AND CONTENT OF EMBASSY'S PROPOSED GLOBAL PACKAGE.

2. WE UNDERSTAND VALUE OF GLOBAL AID CONCEPT IN MAKING MAXIMUM PSYCHOLOGICAL IMPACT ON KING AND GOM. WE AGREE THAT PRESENTATION OF A GLOBAL REVIEW OF US ASSISTANCE POSSIBILITIES TO KING WOULD INCREASE HIS AWARENESS OF HOW MUCH WE ARE DOING IN VARIOUS FIELDS AND WHAT TOTALITY OF THIS ASSISTANCE IS WORTH TO MOROCCO. AT SAME TIME, WE
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MUST SEEK TO INJECT NOTE OF REALISM INTO KING'S VISION THAT MOROCCAN- US RELATIONS MIGHT EVOLVE ALONG LINES OUR RELATIONSHIP WITH IRAN OR SAUDI ARABIA, BOTH OF WHOM HAVE LARGE CAPABILITY PURCHASE US GOODS AND SERVICES.

3. IN ECONOMIC ASSISTANCE FIELD, A DOLS 10 MILLION AGRICULTURAL SUPPORT LOAN HAS JUST BEEN AUTHORIZED AND LETTER OF ADVICE BEING POUCHED. IN ADDITION, WE ARE WILLING IN PRINCIPLE TO CONSIDER DOLS 5 MILLION LOAN TO FINANCE SMALL FARMER CREDIT IF GOM GIVES EVIDENCE OF SERIOUS INTEREST IN RECEIVING ASSISTANCE IN THIS AREA. WE EXPECT INITIAL DOLS 10 MILLION HOUSING INVESTMENT GUARANTEE READY FOR SIGNATURE SHORTLY. DEPENDING ON ITS UTILIZATION AND ON MOROCCAN DESIRE FOR FURTHER ASSISTANCE THIS NATURE, WE PREPARED CONSIDER EXPANSION TO DOLS 20 MILLION OVER NEXT FEW YEARS. EXIM FINANCING WILL CONTINUE TO BE AVAILABLE FOR PURCHASES OF US GOODS AND SERVICES. WE ALSO WILL ENCOURAGE IBRD PARTICIPATION IN FINANCING OF FIVE- YEAR PLAN AND CONTINUED PARTICIPATION PROSPECTIVE DONORS IN IBRD SPONSORED CONSULTATIVE GROUP.

4. IN MILITARY ASSISTANCE FIELD, WE ARE PROPOSING, SUBJECT TO CONGRESSIONAL APPROVAL, TO MAKE AN ADDITIONAL DOLS 12 MILLION IN FMS CREDIT AND DOLS 1 MILLION MAP TRAINING AVAILABLE TO MOROCCO IN FY 74. WE HAVE APPROVED SALE OF M-16 S TO KING HASSAN AS EXCEPTION TO POLICY AGAINST PROVISION THIS WEAPON TO AFRICAN COUNTRIES. WE HAVE ALSO APPROVED EXTRAORDINARY REOPENING PREVIOUSLY CANCELLED HELICOPTER CASE IN EFFORT HELP GOM PROCURE THESE AIRCRAFT AS QUICKLY AS POSSIBLE. WE ALSO PROVIDING MACHINE GUNS AND TRUCK- MOUNTED RECOILLESS RIFLES WHICH GOM HAS REQUESTED. REGARDING KENITRA, NAVY IS EXPLORING POSSIBILITY INCREASING DIRECT LOCAL PROCUREMENT OF SUITABLE ITEMS. FYI: FOLLOWING IS FROM RECENT CABLE TO A NUMBER POSTS IN MAP RECIPIENT COUNTRIES, INCLUDING CENTO AND SEATO ALLIES: WE MUST, MORE THAN EVER, RELATE SECURITY ASSISTANCE PROGRAMS TO IMPORTANT US NATIONAL SECURITY AND FOREIGN POLICY INTERESTS AND GOALS IN EACH COUNTRY. IN GENERAL, THIS MEANS INCREASED EMPHASIS MUST BE PLACED UPON SHIFTING OUR MILITARY ASSISTANCE PROGRAMS FROM GRANT ASSISTANCE TO

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CREDIT SALES, WITH THE EARLIEST FEASIBLE ATTAINMENT OF THE GOAL OF FULL SELF- RELIANCE SUPPORTED BY CASH SALES. IN ANY CASE, WE SHOULD INDUCE RECIPIENT COUNTRIES TO TAKE A MORE REALISTIC VIEW OF THEIR SECURITY NEEDS AND OF THE RESOURCES NEEDED TO MEET THESE NEEDS. END FYI.

5. SUGGEST EMBASSY ALSO COMPILE LIST OF ON- GOING SPECIAL

LOCAL CURRENCY PROJECTS FROM WHICH GOM IS BENEFITING.

6. ALTHOUGH WE UNABLE AT THIS POINT TO MAKE COMMITMENTS OR EVEN PREDICTIONS REGARDING CERTAIN AREAS OF POSSIBLE ASSISTANCE TO MOROCCO (PL-480), BELIEVE FOREGOING IN ITS TOTALITY REPRESENTS SOLID EVIDENCE OF US WILLINGNESS TO SUPPORT KING HASSAN IN BOTH ECONOMIC AND MILITARY FIELDS. EXCLUDING HELP VIA MULTILATERAL CHANNELS, PL-480, EXIM, A POSSIBLE EXPANSION OF THE HOUSING INVESTMENT GUARANTEE , THERE REMAINS A DOLS 38 MILLION PACKAGE. GIVEN FACT THAT NEW FIVE- YEAR PLAN AND NEW INVESTMENT CODE ARE NOT YET OUT, IT SHOULD PROVIDE SATISFACTORY BASIS FOR INTERMEDIATE RESPONSE TO HIS MAJESTY AND FONMIN BENHIMA WHICH YOU AUTHORIZED MAKE AT TIME YOU DEEM MOST APPROPRIATE. DEPT. APPRECIATES THAT THE PIECEMEAL CHARACTER OF US ASSISTANCE EFFORTS AND THEIR SEPARATE PRESENTATION TO DATE HAVE LESSENED CUMULATIVE PSYCHOLOGICAL IMPACT ON MOROCCANS. WE LOOK TO EMBASSY TO CORRECT THIS SITUATION.

7. IN CONVERSATION WITH MOROCCAN AMBASSADOR JUNE 27 ASST. SECRETARY NEWSOM SAID EMBASSY MOROCCO WOULD SHORTLY RECEIVE INSTRUCTIONS WITH REVIEW TOTALITY OF OUR ASSISTANCE WHICH HE WAS CERTAIN WOULD DEMONSTRATE TO THE GOVERNMENT OF MOROCCO VERY SPECIAL EFFORTS MADE ON ITS BEHALF. ROGERS

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